GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2641
ANSWERED ON:18.08.2006
NABARD REFINANCE POLICY
Ahir Shri Hansraj Gangaram

Will the Minister of FINANCE be pleased to state:

(a) whether NABARD is providing loan to district cooperative banks in Maharashtra for giving to farmers at the interest rate of 2.5 per cent under short term finance refinance policy during 2006-07 ;

(b) if so, the details thereof ;

(c) whether as a result of decision taken by NABARD to release only 40% of target of crop loan,the financial condition of district cooperative banks are getting worsen ;

(d) if so, the details thereof; and

(e) the steps taken by the Government in this regard ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b) Yes, Sir. Refinance at the rate of 2.5% for Short Term (Seasonal Agricultural Operations)-ST (SAO) will be available from NABARD to only those State Cooperative Banks (SCBs),which ensure provision of short term credit upto Rs.3 lakh at an interest rate of 7% p.a. to farmers.The quantum of refinance would be 35% - 40% of aggregate loans issued by the eligible District Central Cooperative Banks (DCBs) depending upon the level of Non Performing Assets (NPAs) of SCBs.

(c)to(e) Refinance support of NABARD to State Cooperative Banks (SCBs) is supplementary in nature.Refinance to the extent of 35%-40% of aggregate loans is provided at concessional rate to SCBs by NABARD and the remaining 60% to 65% should be from the own resources of SCBs/DCCBs to meet the credit requirements of farmers. As crop loans to the farmers are to be provided at a rate of interest of 7% p.a.the Cooperative Banks have represented that they are likely to incur some loss on their own resources involved for lending at 7% to farmers.Therefore, the State Government have been requested to provide interest subsidy to Cooperative Banks on the amount disbursed from their own sources to ensure that they can disburse ground level credit at a rate of 7% per annum.